

REMARKS

This reply pursuant to 37 C.F.R. § 1.111 is being submitted in response to the outstanding Official Action mailed September 21, 2006. In view of the following remarks, reconsideration and allowance of this application is respectfully requested.

In the Official Action, Claims 1, 2 and 4– 6 and 10– 25 were rejected under 35 U.S.C. §103(a) as being unpatentable over an SBA Communications Corporation publication and the company website and Gross et al., U.S. Patent Application Publication No. 2003/0225665. The SBA Communications publication and website were cited as disclosing that SBA provided site acquisition, site development and lease negotiating services for pluralities of separately owned properties for terms of years to the wireless communications industry. The Examiner considered it conventional to make a single lump sum payment on either the front end or the back end of the lease stating:

It is conventional in the art that such terms are negotiated for a property over a period of years. Therefore OFFICIAL NOTICE [(emphasis by Examiner)] is taken of the lump sum payment because SBA provides a broad array of services that are customized to the clients needs [(citation omitted)]. Thus a Lump sum payment would be an obvious extension to the leasing services provided by SBA to provided [(sic.)] greater flexibility to their customers and accommodate the needs of the wireless community. *Thus, the ability to be flexible and to customize leasing options/strategies would provide SBA a broader customer base and increase the company's growth and profitability* [(emphasis supplied)].

The Examiner noted that the cited SBA Communication publications failed to disclose a specific leasing term or offer wherein the total rent is less than the aggregate projected periodic lease payments for each property owner over the term of use, but cited Gross et al. as disclosing this. The Examiner once again noted that in typical property leasing agreements or purchase offers between tenants and landlords, terms and conditions such as lump sum payments can be negotiated, and concluded that it would have been obvious to one of ordinary skill in the art to negotiate on the basis of a variety of leasing scenarios and choices. This rejection is respectfully traversed for the following reasons.

The pending claims are directed to a method for the long-term leasing by a company of a plurality of properties, two or more of which are separately owned and each of which is within an area where a wireless communications facility is needed for a wireless communications network, in which the two or more properties to acquire through lease are identified and each property owner is tendered a defined lease acquisition offer for a term of years with an up-front lump sum payment as consideration. The lump sum payment is undivided or divided into a series of shorter-term payments for less than one-half of the lease term, and the total lease payment is less than the aggregate projected periodic lease payments for each property over the term of use.

The Examiner takes “official notice” of lump sum payments as conventional consideration for property leases having a term of years and states that a lump sum payment would be an obvious extension to SBA’s leasing services. According to the Examiner, this provides SBA with the ability to be flexible, and to be able to customize leasing options/strategies, and provides SBA a broader customer base and increase the company’s growth and profitability.

The Examiner’s position is based on four flawed assumptions. The first is that the SBA publication discloses a method for acquiring a parcel of land from a land owner for citing a cell tower. This is categorically incorrect. What the SBA publication discloses are transactions for leasing sites to telecommunications companies after the rights to the site are acquired from the land owner. SBA is the middle-man eliminated by the presently claimed business method. By including itself as the middle-man SBA teaches against the presently claimed invention and claims no motivation to modify what is disclosed therein to arrive at the inventive method. On this basis alone the presently claimed invention patently defines over the SBA publication.

The second flawed assumption is that it is common knowledge to use front-loaded lump sum payments as consideration for property leases extending for terms of years. If this were true, Applicant would not have gone to the trouble and expense of filing the present application, let alone continued his pursuit of this business model.

MPEP §2144.03 states that, “in limited circumstances, it is appropriate for an examiner to take official notice of facts not in the record or to rely on ‘common knowledge’ in making a rejection, however such rejections should be judiciously applied.” According to the MPEP:

Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known.

Citing *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the MPEP states that, “the notice of facts beyond the record which may be taken by the examiner must be ‘capable of such instant and unquestionable demonstration as to defy dispute’ [(emphasis supplied)].” Applicants respectfully disagree with the official notice taken by the Examiner and repeat their request that authority be provided for the statement that up-front lump sum payments for multi-year real property lease periods are conventional. If the Examiner is correct in taking this official notice, then this information is readily available, otherwise it would not be “capable of such instant and unquestionable demonstration as to defy dispute.”

However, it is Applicant’s position that this information is not capable of unquestionable demonstration, and has only been learned by the Examiner from reading Applicant’s disclosure. This represents the impermissible application of hindsight reconstruction, which the Examiner has done to fill in the information missing from the cited prior art necessary to support a rejection for obviousness.

The third flawed assumption is, assuming (as the Examiner has done) up-front lump sum lease payments for multi-year property leases are conventional, that it would be obvious to negotiate such terms when acquiring properties for wireless communications facilities for wireless communications networks from a teaching of a system for leasing acquired properties to cellular communications companies. This third flaw is an outgrowth of the first two flaws. That is, not only does it rely upon an assumption that the SBA publication is relevant to property acquisitions from property owners on behalf of cellular telecommunications com-

panies, without knowing the circumstances under which such up-front lump sum payments are conventional, one cannot properly assess whether it would be obvious to employ them in the first place. Instead, one must resort to hindsight reconstruction using the present disclosure to supply the missing information needed to conclude that the presently claimed invention is obvious.

Finally, the fourth flawed assumption is the Examiner's statement that, "the ability to be flexible and to customize leasing options/strategies would provide SBA a broader customer base and increase the company's growth and profitability." This presupposes that SBA is actually negotiating leases with property owners on behalf of cellular telecommunications companies with up-front lump sum consideration when there is absolutely no information in the record to support this conclusion. Instead, this is another symptom of the hindsight reconstruction pervading this rejection.

The method of the present invention reduces cost by cutting out SBA as the middle man and having telecommunications companies negotiate up-front lump sum lease payments with property owners. This represents an improvement to the teachings of the SBA disclosure contributed by Applicant for which a well-deserved patent monopoly has been earned.

Furthermore, this improvement over the SBA publication is not cited by the Examiner as being taught or suggested by Goss et al. Goss et al. has been cited against the claim 1 limitation reciting that the total rent is less than the aggregate projected periodic lease payments for each property owner over the term of use.

Applicant reiterates that a date of invention can be established prior to Provisional Application Priority Date of Gross et al. However, because the pending claims patentably define over the cited combination of prior art, evidence of earlier invention is not presented at this time and Applicant reserves the right to do so at a later date should it become necessary.

As has already been recounted, Gross et al. discloses a method in which one of two parties to a lease may treat it as an operating lease for accounting purposes while the other part treats it as a capital lease for accounting purposes. Specifically, a tax-indifferent property owner sells a building and leases the land under the building to investors. The land is leased for a twenty year term and the lease payment is deferred until the end of the lease. The former building owner then leases back the building he just sold to the investors and sub-leases the land he just leased to them. As long as the net value of the leaseback minus the deferred land lease payment is less than 90% of what the building was sold for, the former building owner is permitted to treat the building lease as an operating lease rather than a capital lease under Financial Accounting Standards Board (FASB) Rule 13.

On the other hand, because the new owner of the building is permitted to allocate all the lease payment he is receiving to the building because he did not buy the land, the lease former building owner treats as an operating lease can be treated by the new owner of the building as a capital lease and receive leverage lease treatment. Goss et al. explains:

The result of leverage lease treatment is that, under GAAP, the investors would no longer need to declare losses on their financial statements as a result of the transaction because the gain recognized by the investors in the twentieth year would be allocated over the initial years of the lease term offsetting the effects of the deductions taken during this period.

At the end of the lease term, the tax-indifferent party acquires both the land and the building for the price of the land. The investors receive a significant return on their investment, favorable treatment on their balance sheet, positive cash flow throughout the life of the lease and significant tax benefits.

Thus, the net lease payments disclosed by Gross et al. do not represent a lump sum discount from the aggregate projected periodic lease payments for each property over the term of use. Instead they represent an allocation between the value of building rent and land rent for accounting purposes to permit one party to a lease to treat it as a capital lease and the

other party to the lease to treat it as an operating lease. The critical requirement to be able to do this is for the building purchaser to defer the lease payment for the land under the building until the very end of the lease while at the same time collecting lease-back payments for the building and sub-leaseback payments for the land from the building owner to whom the land lease payment is ultimately due.

Claim 1 patentably defines over Goss et al. by requiring that the lump sum lease payment be made up-front and be either undivided or divided into a series of shorter-term payments for less than one-half of the lease term. Goss et al. teach against such a payment allocation because it would not accomplish their accounting objectives.

Furthermore, the advantages of front-end lump sum payments to the leasing of cellular communication tower sites over other payment options were previously demonstrated. For large networks the savings over the lease term can approach one billion dollars. This can only be learned by reading the present application.

Because the SBA Communication publications fail to disclose a strategy for negotiating with property owners on behalf of telecommunications companies to acquire property with an up-front lump-sum lease payment, wherein the total rent is less than the aggregate projected periodic lease payments for each property owner over the term of use, and because the net lease payments disclosed by Gross et al. do not represent a lump sum discount from the aggregate projected periodic lease payments, Claim 1 and the claims depending therefrom patentably define over the cited combination of prior art under 35 U.S.C. §103(a). Reconsideration by the Examiner and withdrawal of this rejection is therefore respectfully requested.

In view of the above claim amendments and the foregoing remarks, this application is in condition for Allowance. Reconsideration is respectfully requested. The Examiner is asked to telephone the undersigned if there are any remaining issues in this application to be resolved.

Applicant(s): Nicholas Frattalone
Application No. 10/722,730
Page 8

Docket No. P25,565-A USA

Finally, if there are any additional charges in connection with this response, the Examiner is authorized to charge applicants' Deposit Account No. 19-5425 therefor.

Respectfully submitted,

Dated: March 21, 2007

/Peter J. Butch III/

Peter J. Butch III
Reg. No. 32,203

Synnestvedt, Lechner & Woodbridge LLP
P.O. Box 592
112 Nassau Street
Princeton, NJ 08542-0592
Telephone: 609-924-3773
Facsimile: 609-924-1811